

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

REQUIREMENT FOR NAVAL RESERVE
COMPONENT UNITS NOT ASSIGNED TO
SUPPORT REGIONAL CONTINGENCIES

Report No. 96-173

June 21, 1996

19991220 092

Department of Defense

DTIC QUALITY INSPECTED 4

AQI00-03-0781

Additional Copies

To obtain additional copies of this audit report, contact the Secondary Reports Distribution Unit of the Analysis, Planning, and Technical Support Directorate at (703) 604-8937 (DSN 664-8937) or FAX (703) 604-8932.

Suggestions for Future Audits

To suggest ideas for or to request future audits, contact the Planning and Coordination Branch of the Analysis, Planning, and Technical Support Directorate at (703) 604-8939 (DSN 664-8939) or FAX (703) 604-8932. Ideas and requests can also be mailed to:

OAIG-AUD (ATTN: APTS Audit Suggestions)
Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, Virginia 22202-2884

Defense Hotline

To report fraud, waste, or abuse, contact the Defense Hotline by calling (800) 424-9098; by sending an electronic message to Hotline@DODIG.OSD.MIL; or by writing to the Defense Hotline, The Pentagon, Washington, D.C. 20301-1900. The identity of each writer and caller is fully protected.

Acronyms

FISC	Fleet and Industrial Supply Center
MRC	Major Regional Contingency
NAMMOS	Navy Manpower Mobilization System
NAVMAC	Navy Manpower Analysis Center
NAVSEA	Naval Sea Systems Command
SIMA	Shore Intermediate Maintenance Activity
ZBR	Zero Based Review



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884



June 21, 1996

MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)

SUBJECT: Audit Report on Requirement for Naval Reserve Component Units Not
Assigned to Support Regional Contingencies (Report No. 96-173)

We are providing this audit report for information and use. The audit was performed in response to a request from the Assistant Secretary of Defense (Reserve Affairs) to determine whether Reserve forces were sized and structured to meet the needs of anticipated regional contingencies. This report focuses on Naval Reserve units. Management comments on a draft of this report were considered in preparing the final report.

Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional comments are required.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Harlan M. Geyer, Audit Program Director, at (703) 604-9594 (DSN 664-9594) or Ms. Geraldine M. Edwards, Audit Project Manager, at (703) 604-9489 (DSN 664-9489). See Appendix G for the report distribution. Audit team members are listed inside the back cover.

Robert J. Lieberman
Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 96-173
(Project No. 5RA-0010)

June 21, 1996

Requirement for Naval Reserve Component Units Not Assigned to Support Regional Contingencies

Executive Summary

Introduction. We conducted the audit at the request of the Office of the Assistant Secretary of Defense (Reserve Affairs). This report is one in a series of reports on whether the Reserve Components are sized and structured to meet the needs of anticipated regional contingencies. This report focuses on Naval Reserve Components.

Audit Objectives. Our primary objective was to determine whether a valid need exists for Naval Reserve units and non-unit Reserve personnel who are not assigned to meet the needs of anticipated regional contingencies. The audit also evaluated the Navy's management control program as it applied to the primary audit objective.

Audit Results. Navy manpower claimants and their subordinate commands did not use criteria in Navy manpower policy guidance in determining Selected Reserve mobilization requirements. As a result, Naval Selected Reserve mobilization requirements were overstated and the Navy may expend resources on Reserve personnel without having a validated mobilization need (Finding A).

Navy gaining commands did not consider whether their peacetime civilian workforce would be available during mobilization before they determined augmentation requirements. As a result, overstatements and understatements of mobilization requirements could occur.

- o Civilian personnel in key positions could be mobilized to other commands, thereby creating understatements of mobilization requirements that may adversely affect the ability of the losing commands to support expected regional contingencies.

- o Mobilization requirements may be overstated in those cases in which the civilian workforce includes Selected reservists who will mobilize to their same or similar positions (Finding B).

The management control program could be improved by correcting a material control weakness related to determining needed Selected Reserve augmentation requirements. Recommendations in the report, if implemented, will assist Navy manpower claimants in accurately determining Selected Reserve augmentation needs. See Appendix E for further discussion on benefits that could result by implementing the recommendations.

Summary of Recommendations. We recommend annual reviews of the mobilization requirements for the manpower claimants and validation of those requirements by independent personnel trained to perform such reviews. We also recommend including screening for Selected Reserves as a specific step in calculating mobilization requirements.

Management Comments. The Navy concurred with recommendations to establish guidelines that require validation of mobilization requirements by independent personnel trained to do such reviews, to use validated Selected Reserve mobilization requirements in identifying billets for elimination or reprogramming, and to screen civilian employees as an integral step in assessing mobilization workload. The Navy partially concurred with recommendations to annually review manpower claimants' mobilization requirements, to eliminate unvalidated requirements, and to review zero based review documentation. However, the Navy proposed to link reviews of manpower claimants' mobilization requirements to changes in guidance or directives, to coordinate action with manpower claimants to eliminate unvalidated requirements and reprogram associated end strength, to review those organizations that nonconcurred to determine whether their requirements were properly validated, and to review zero based review documentation using a statistically bowed random sample. The proposed actions will satisfy the intent of the recommendations. See Part I for a summary of management comments regarding the findings and recommendations and Part III for the complete text of management comments.

Table of Contents

Executive Summary	i
--------------------------	----------

Part I - Audit Results

Audit Background	2
Audit Objectives	3
Finding A. Naval Reserve Mobilization Requirements Determination and Validation	4
Finding B. Availability of Civilian Workforce to Meet Mobilization Requirements	17

Part II - Additional Information

Appendix A. Audit Process	
Scope	22
Methodology	22
Management Control Program	23
Appendix B. Summary of Prior Audits	24
Appendix C. Other Matters of Interest	26
Appendix D. Naval Reserve Force Structure	28
Appendix E. Summary of Potential Benefits Resulting From Audit	30
Appendix F. Organizations Visited or Contacted	31
Appendix G. Report Distribution	33

Part III - Management Comments

Department of the Navy Comments	36
---------------------------------	----

Part I - Audit Results

Audit Background

New Military Strategy. The traditional role of U.S. military forces focused on meeting global threats with little or no notice. Today, a new military strategy calls for the integration of both Active and Reserve forces into a single force capable of responding decisively to short-notice regional conflicts. In an environment of reduced budgets, downsizing, and restructuring, the Military Departments must identify how their Reserve forces will contribute to the new military strategy that requires rapid response to regional conflicts.

Defense Planning Guidance. The DoD established broad goals for the Military Departments' force planning. The goals are in keeping with the requirement that military forces be sized and structured to be able, in concert with regional allies, to fight and win two major regional contingencies (MRCs) that occur nearly simultaneous. At the same time, the resulting force structure must be flexible enough to engage in smaller scale contingencies and selective peacetime military operations.

Naval Reserve Component. The Naval Reserve Component (the Naval Reserve) is made up of three subcomponents: the Ready Reserve, which is both the Selected Reserve and the Individual Ready Reserve; the Retired Reserve; and the Stand-by Reserve.

Naval Selected Reserve. The Naval Selected Reserve is composed of Reserve personnel who drill in a military pay status, either in structured units or in individual mobilization billets. The Naval Selected Reserve is the principal source of trained units and personnel needed to augment Active naval forces in time of war or national emergency and at such times as the national security requires.

Naval Reserve Management Structure. The Office of the Chief of Naval Operations is responsible for the organization, training, and equipping of the Naval Reserve and for the mobilization planning to effectively reinforce and augment Active forces. The Office of the Chief of Naval Operations principal officials provide resources and funding for Reserve manpower and equipment. The Director, Strategy and Policy Division (Total Force Advocate), determines which missions should be tasked to the Naval Reserve. The Director of Naval Reserve is the principal advisor to the Chief of Naval Operations on all matters pertaining to the Selected Reserve. The Director of Naval Reserve exercises policy, direction, funding, control, administration, and management of the Selected Reserve for the Chief of Naval Operations. The Director of Naval Reserve also holds the titles Commander, Naval Reserve Force; and Chief of Naval Reserve. As Commander, Naval Reserve Force, he is an Echelon II operational commander responsible to the Commanders in Chief, U.S. Atlantic and Pacific Fleets, for Reserve matters. The Deputy Chief of Naval Operations (Manpower and Personnel) is responsible for the validation of the mobilization of Navy personnel and policies and for procedures on personnel mobilization.

Naval Reserve Unit Structure. Naval Reserve units are staffed and equipped to serve or train as operational or augmentation units. Operational units train and serve together. Augmentation units train together, but when mobilized, lose their unit identity and become part of the Active component command or organization. The Naval Reserve also has commissioned units, which are operational units with their own organic or prestaged equipment, such as aircraft squadrons, ships, fleet hospitals, construction force, and cargo handling battalions. Commissioned units are tasked to deliver a complete, operational entity to the fleet. See Appendix D for the Reserve force structure.

Individual Mobilization Augmentees. Individual Mobilization Augmentees are members of the Selected Reserve who are trained and preassigned to a mobilization billet at an Active component organization. The billet must be filled on or immediately after mobilization.

As of September 30, 1995, the Selected Reserve had a programmed end strength of 83,200 personnel and accounted for about 20 percent of total naval forces. The structure and allocation of the Naval Reserve's programmed end strength is shown in Appendix D.

Navy Manpower Claimants. The Navy has 42 manpower claimants. Manpower claimants are major commands or bureaus that are authorized manpower resources directly by the Chief of Naval Operations to accomplish their assigned missions and tasks. Manpower claimants are ultimately responsible for identifying needed mobilization forces based on a justified need to augment the manpower claimants' peacetime workforce in meeting an increased condition of readiness resulting from the Navy's engagement in anything from the two MRC scenario to full mobilization.

Audit Objectives

The primary audit objective was to determine whether a valid need exists for Naval Reserve units and non-unit personnel who are not assigned to meet the needs of anticipated regional contingencies. In addition, the audit evaluated the effectiveness of applicable management controls. Appendix A provides a discussion of the audit scope and methodology and the review of the management control program. Appendix B summarizes prior coverage related to the audit objective.

Finding A. Naval Reserve Mobilization Requirements Determination and Validation

Navy manpower claimants and their subordinate commands did not use criteria in Navy manpower policy guidance to determine their Selected Reserve mobilization requirements. The criteria were not used because command personnel responsible for determining mobilization requirements were not trained in the Navy's manpower or mobilization requirements determination process and, therefore, had difficulty following the guidance. In addition, the Navy Manpower Analysis Center (NAVMAC) did not perform an independent validation of mobilization requirements. As a result, Naval Selected Reserve mobilization requirements are overstated and the Navy may expend resources on Selected Reserve personnel without having a validated mobilization need.

Determining and Validating Shore Mobilization Requirements

Navy Total Force Policy. Chief of Naval Operations Instruction 1000.16H, "Manual of Navy Total Force Manpower Policies and Procedures," March 25, 1994, provides guidance and assigns responsibilities for implementing the Navy Manpower Mobilization System (NAMMOS). Navy manpower claimants and their subordinate commands determine more than 60 percent of Naval Selected Reserve requirements using the NAMMOS.

Navy Manpower Mobilization System. NAMMOS is the Navy's validation methodology for mobilization manpower requirements for shore and support organizations. NAMMOS includes requirements identified by the shore efficiency review process, staffing standards, and manpower models. The efficiency review assesses work load in terms of the organization's mission, functions, and tasks. Mobilization manpower requirements for fleet organizations are also included in the NAMMOS data bases. Manpower claimants and organizations determine mobilization manpower requirements and submit them to the Chief of Naval Personnel for validation. NAMMOS methodology identifies manpower requirements needed for full mobilization, but will also identify the manpower requirements needed to meet two nearly simultaneous MRCs that have not been authorized or funded with active-duty military, peacetime civilian, or contractor assets. As of August 1995, Naval Selected Reserve mobilization requirements totaled 112,018 personnel. Of those requirements, 83,200 personnel positions have been funded.

Navy Manpower Claimants' Responsibilities. Guidance in the NAMMOS requires manpower claimants and organizations to:

Finding A. Naval Reserve Mobilization Requirements Determination and Validation

- o determine the mobilization mission using the two MRC scenario in the Defense Planning Guidance;
- o determine the mobilization manpower required for that mission, in terms of quantity, quality, and time;
- o use the total force approach to capitalize on existing peacetime personnel authorizations as the first source to meet mobilization requirements;
- o validate and update mobilization manpower requirements; and
- o justify using the Naval Selected Reserve to meet mobilization requirements.

Before a mobilization requirement can be authorized as Naval Selected Reserve, the requirement must be for an MRC, be military essential, and require premobilization training.

Zero Based Review of Requirements. In August 1993, the Navy issued guidance directing manpower claimants to perform a zero based review (ZBR) of Navy shore mobilization manpower requirements. The ZBR was in response to a Naval Audit Service recommendation that Navy shore organizations justify and validate Naval Selected Reserve mobilization billets. The purpose of the ZBR was to direct manpower claimants to follow NAMMOS procedures in determining and justifying all Selected Reserve shore mobilization requirements. However, changes in the approved Navy force structure and mobilization planning, due to a change from a global war scenario to a crisis response scenario, played a part in directing the ZBR of mobilization requirements. The ZBR guidance specifically referenced the NAMMOS as the criteria that Navy shore organizations (for example, Shore Intermediate Maintenance Activities, Naval Audit Service, Norfolk Naval Shipyard, and Naval Criminal Investigative Service) were to use in preparing their mobilization manpower requirements. The Assistant Chief of Naval Personnel for Total Force Programming and Manpower directed Navy manpower claimants to review mobilization missions for each of their shore organizations based on the two MRC scenario outlined in the Defense Planning Guidance and to revalidate Selected Reserve requirements as a result of how that scenario would affect work load and the need for mobilization manpower. The Navy designated the NAVMAC to review and consolidate the ZBR Total Force Manpower Management System documentation from each Navy manpower claimant. All ZBR documentation was due October 1994, and the NAVMAC completed its review in December 1995.

Navy Manpower Analysis Center. The NAVMAC is the Navy organization responsible for validating the Navy's wartime manpower requirements. Although the NAVMAC was to review the ZBR Total Force Manpower Management System documentation and update the Navy's Total Force Manpower Management System data base, NAVMAC did not validate the information submitted by manpower claimants and organizations. The Program Manager for the Total Force Manpower Management System stated that manpower claimants and other Navy organizations were responsible for

Finding A. Naval Reserve Mobilization Requirements Determination and Validation

conducting their own reviews of mobilization manpower requirements using the criteria sent out with the ZBR guidance. NAVMAC required a detailed justification of mobilization requirements only when there was an increase, decrease, or change to Naval Selected Reserve mobilization requirements. Consequently, NAVMAC did not validate Selected Reserve mobilization requirements already in the Total Force Manpower Management System data base before completion of the ZBR.

Results of the Zero Based Review. Although the ZBR was to identify mobilization requirements as a result of a 1993 change in military strategy and the expected employment of the Naval Selected Reserve to support a two MRC scenario instead of a global war scenario, the ZBR caused an increase in Naval Selected Reserve shore mobilization requirements. However, documentation submitted by manpower claimants to NAVMAC did not clearly show whether the organizations based Selected Reserve requirements on a mobilization mission under the new strategy.

Since 1990, total Naval Selected Reserve requirements declined 15 percent. Most of that decline was in ship and squadron requirements, which declined by 47 percent. By comparison, shore mobilization requirements remained nearly the same (see Figure 1).

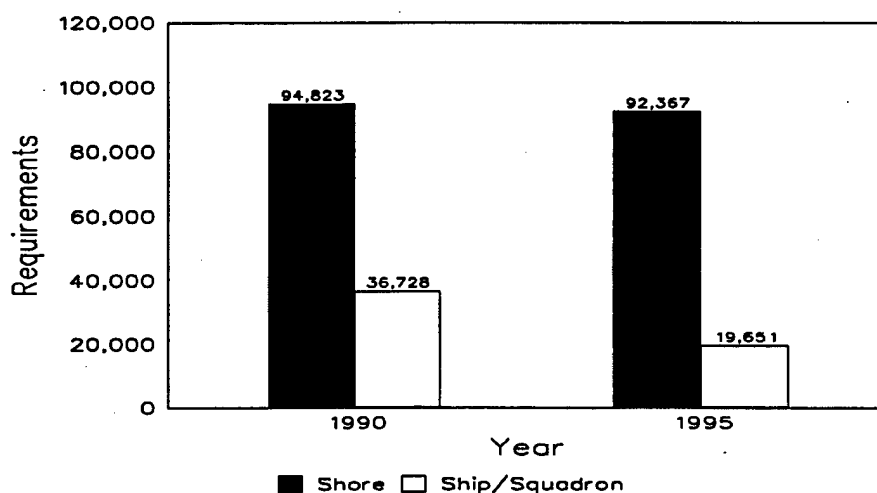


Figure 1. Total Selected Reserve Requirements for 1990 and 1995

Finding A. Naval Reserve Mobilization Requirements Determination and Validation

Shore requirements as categorized by the NAVMAC based on the ZBR are shown in Figure 2.

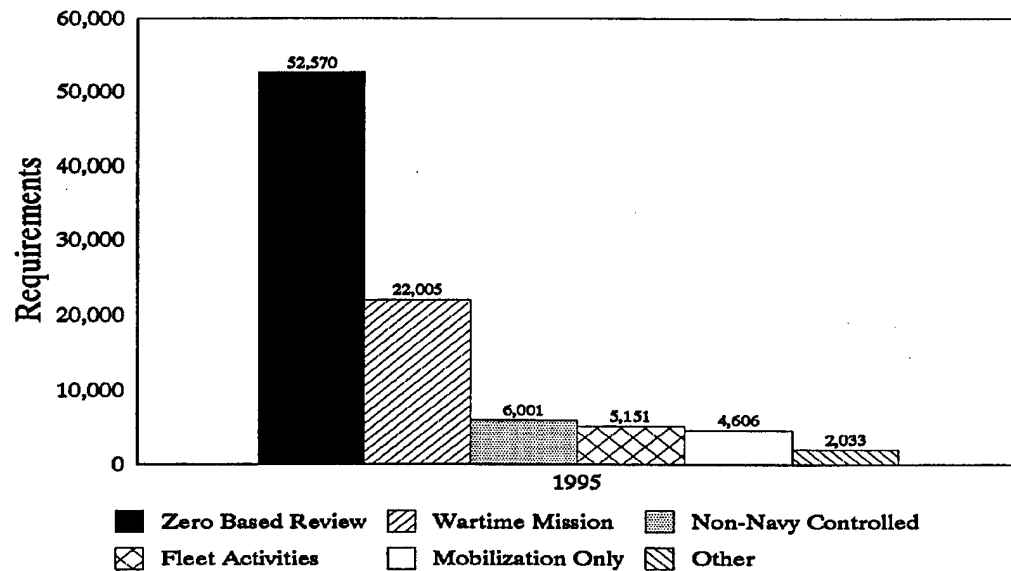


Figure 2. Total Shore Requirements for 1995

As of September 1995, shore based requirements increased 10 percent from the 1992 pre-ZBR requirements. Figure 3 shows the increase in requirements after completion of the ZBR.

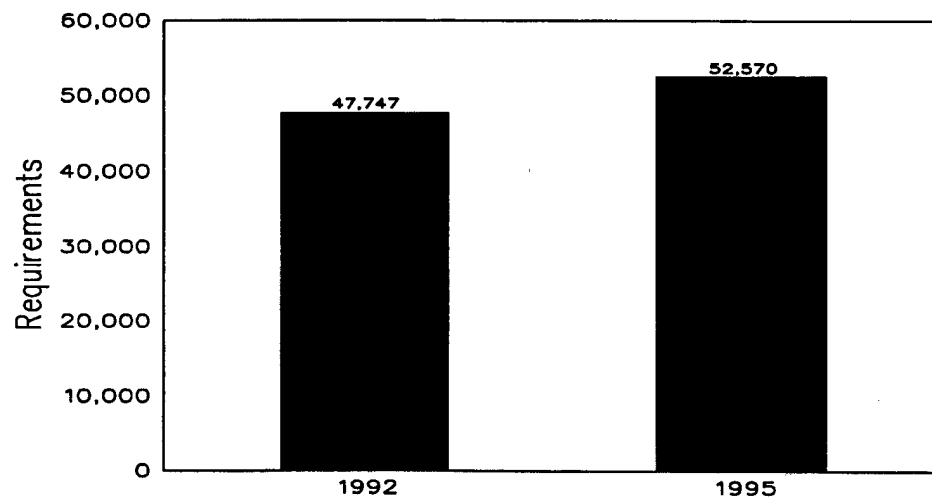


Figure 3. Growth in ZBR Requirements

Finding A. Naval Reserve Mobilization Requirements Determination and Validation

Validating Mobilization Requirements

Validation Process. Manpower claimants did not properly validate their mobilization requirements using the planning guidance from the ZBR. We reviewed the mobilization requirements determination process and ZBR documentation for 20 manpower claimants and gaining commands. Gaining commands are the commands that the Naval Selected Reserve will report to on mobilization. In some cases, the gaining command and the manpower claimant command are the same. The documentation did not provide a justification for the requested Selected Reserve mobilization requirements. Many gaining commands submitted requests based on requirements that existed before the change in planning guidance. We attributed the inability of the commands to justify their shore mobilization requirements to the fact that personnel assigned to revalidate the requirements were not trained in the Navy's manpower or mobilization determination process. Force Reserve Coordinators generally performed this function for the gaining commands. The following are examples of organizations that did not properly validate mobilization requirements using DoD and ZBR criteria.

Shore Intermediate Maintenance Activities. As of August 1995, Selected Reserve requirements for Shore Intermediate Maintenance Activities (SIMA) totaled 4,069. Of the 4,069 requirements, 2,042 were for 2 Category B Tenders. Tenders are maintenance ships that repair other ships at sea. Category B Tenders are in a decommissioned status and are not tasked to support a two MRC scenario. An additional 2,027 of the 4,069 Selected Reserve requirements were for shore-based SIMAs. The requirements are not assigned to a specific SIMA location, but will be used where needed during a contingency. Personnel we visited at SIMA San Diego and SIMA Norfolk could not explain how the 2,027 Selected Reserve requirements would be used. The Force Reserve Coordinator at SIMA, San Diego, stated that SIMA, San Diego, did not have a requirement for Selected Reserve to augment that facility during a two MRC scenario and, therefore, SIMA, San Diego, submitted no Selected Reserve requirements for the ZBR. Naval Reserve Force functional area program managers for SIMAs also could not explain how the 2,027 Selected Reserve requirements would be used in a two MRC scenario. During the Gulf War, only 81 of 6,173 SIMA personnel were activated. Therefore, the 4,069 Selected Reserve requirements should be eliminated or reassigned to meet a validated need.

Naval Audit Service. The Naval Audit Service identified a mobilization requirement for 12 Selected Reserve auditors. However, the Naval Audit Service did not justify the need to augment its workforce in the event of a two MRC scenario. The Naval Audit Service is not included in any contingency plans, and personnel we interviewed could provide no historical background to suggest that their work load would increase in the event of a contingency. Even if the Naval Audit Service validated that work load would increase as a result of an MRC, the Naval Audit Service did not consider that its peacetime workforce can meet the additional work requirement by extending the work week from 40 to 60 hours. The auditor positions also do not meet the

Finding A. Naval Reserve Mobilization Requirements Determination and Validation

criteria in the Navy's mobilization guidance that the positions be military essential. DoD auditors are civilian positions. The requirement for Selected Reserve auditors based on increased work load as a result of the Navy's engagement in an MRC could not be validated using the Navy's mobilization guidance. Therefore, the 12 auditor positions should be eliminated or reassigned to meet a validated need.

Fleet and Industrial Supply Centers. The Fleet and Industrial Supply Centers (FISCs) identified a mobilization requirement for 1,046 Selected Reserve personnel. However, the FISCs did not validate a need for additional manpower to augment their workforce during a contingency. For example, at FISC, San Diego, the positions to be filled by Selected Reserve personnel are in the customer service and billing departments. About 95 percent of the peacetime workforce for FISC, San Diego, is civilian. Mobilization requirements for customer service and billing at the FISC, San Diego, do not meet the Navy's criteria that Selected Reserve mobilization manpower be used only for positions that are military essential. Therefore, we do not see a need to augment that work force with the Selected Reserve.

As of 1995, the concept of how Selected Reserve are assigned to the FISCs changed. Selected Reserve are now assigned using a pooling concept. Under the new concept, Selected Reserve are assigned to FISC East and West and to one of three FISCs overseas (Yokuska, Pearl Harbor, or Guam). Previously, Selected reservists were individually assigned to billets at the respective FISCs. However, personnel at the office of the Chief of Naval Operations (Logistics), Navy Supply Systems Command, and FISC East and West could not explain how they determined Selected Reserve mobilization requirements using the new pooling concept.

Norfolk Naval Shipyard. The Norfolk Naval Shipyard identified a mobilization requirement for 35 Selected Reserve engineering officers. The Shipyard did not consider using its existing peacetime workforce to meet increased mobilization workload requirements. When the Shipyard determined its mobilization requirements, it had 49 active-duty personnel and 7,305 civilians assigned to the Shipyard. According to Navy criteria, after determining mobilization work load, the Shipyard should consider whether its total peacetime workforce (members of the military, civilians, and contractors) can meet the additional work requirements by extending the work week from 40 to 60 hours.

The Shipyard employs civilian engineers and should consider their availability before adding additional manpower requirements. By applying the extended work week to qualified civilians, the Shipyard may be able to meet additional work requirements without Selected reservists. The Shipyard normally has from six to eight ships in port at any time. During the Gulf War, the Shipyard rapidly deployed 28 ships without activating any Selected reservists for mobilization to the Shipyard, even after losing 2 of its active-duty personnel who were mobilized to other organizations.

Finding A. Naval Reserve Mobilization Requirements Determination and Validation

Inspector General, Naval Sea Systems Command. The Inspector General, Naval Sea Systems Command, identified mobilization requirements for 17 Selected Reserve inspectors. During peacetime, the Inspector General employs about 24 civilians and 1 active-duty military member to perform inspections. The civilians are detailed from offices within the Naval Sea Systems Command for temporary assignments as inspectors. The Inspector General determined the need for 17 Selected reservists based on the assumption that the work load at the Naval Sea Systems Command will increase during a two MRC scenario and that detailed civilians would be recalled to their regular duties. The Inspector General stated that the Selected Reserve is an integral part of the Inspector General, Naval Sea Systems Command, peacetime role and mission. The Navy's mobilization guidance requires that Selected Reserve requirements be based on the mobilization manpower requirements that are above normal peacetime levels needed to support a two MRC scenario. The requirement must also be for positions that are military essential. Because the Inspector General normally uses civilians as inspectors, the positions cannot be justified as military essential. If civilians return to their regular duty stations, we believe that inspections can be put on temporary hold. Finally, no Selected reservists were activated to the Inspector General during the Gulf War. Therefore, the 17 Selected Reserve requirements should be eliminated or reassigned to meet a validated need.

Headquarters, Commander in Chief, U.S. Atlantic Fleet. According to its ZBR documentation, Headquarters, U.S. Atlantic Fleet, determined a need for 165 officer and 76 enlisted Selected Reserve mobilization requirements. The Commander in Chief, U.S. Atlantic Fleet, could not justify the mobilization requirements based on support for a two MRC scenario. Personnel at the Office of the Commander in Chief, U.S. Atlantic Fleet, stated that they could not support the requirements using the Navy's mobilization guidance and the Defense Planning Guidance (the two MRC scenario). However, those personnel also stated that the Commander in Chief, U.S. Atlantic Fleet, plans to have a Manpower Analysis Team reevaluate all organizational requirements for the Commander in Chief, U.S. Atlantic Fleet, during the next efficiency review process.

Supervisor of Shipbuilding, Newport News. The Supervisor of Shipbuilding, Newport News, identified a mobilization requirement for 26 Selected reservists. The Supervisor of Shipbuilding, Newport News, could not justify the Selected Reserve mobilization requirements to meet an expected surge at the Newport News Shipyard during a contingency. Personnel at the office of the Supervisor of Shipbuilding based the requirements on the assumption that the shipyard would be used for battle damage repair during a contingency. They estimated that the current workforce of 300 civilian employees would not be sufficient to handle the expected surge and, therefore, requested Selected Reserve augmentation. The audit found no historical evidence that the shipyard's work load would increase as a result of a two MRC scenario. The shipyard did not recall any Selected Reserve during the Gulf War. Further, guidance for ship maintenance in Chief of Naval Operations Instruction S3061.1D, "Navy Capabilities and Mobilization Plan," August 18,

Finding A. Naval Reserve Mobilization Requirements Determination and Validation

1994, does not support the shipyard's assumption that battle damage repair will be done in U.S. shipyards. Therefore, the 26 Selected Reserve requirements should be eliminated or reassigned to meet a validated need.

Productivity Adjustment Factor. Some organizations used the wrong adjustment factors to determine their mobilization requirements. ZBR guidance, issued by the Assistant Chief of Naval Personnel for Total Force Programming and Manpower, included a productivity adjustment factor (1.7) that organizations should use in determining the number of personnel needed to meet the anticipated increased work load due to mobilization for the two MRC scenario. NAVMAC developed the productivity factor as a result of increasing the work week from 40 to 60 hours during contingency operations. Some organizations incorrectly used a factor of 1.4 to determine their requirements and, therefore, overstated their requirements. The organizations used the incorrect factor because initial guidance received from the NAVMAC incorrectly stated the 1.4 factor. The NAVMAC corrected the factor to 1.7; however, some organizations were not aware of the correction and did not recalculate their requirements.

The steps to calculate the productivity adjustment factor in determining Selected Reserve mobilization requirements were part of the instruction package that the Assistant Chief of Naval Personnel for Total Force Programming and Manpower sent to each organization. Using the Naval Criminal Investigative Service as an example, we followed the steps to recalculate mobilization requirements using the 1.7 factor. The recalculations showed that the mobilization requirements for the Naval Criminal Investigative Service are significantly less when the correct factor is used as shown in Table 1. When the incorrect productivity adjustment factor is applied to the total mobilization requirement, the result is a larger Selected Reserve mobilization requirement.

Table 1. Calculating Mobilization Requirements for the Naval Criminal Investigative Service

	<u>Applying the Factor</u>	
	<u>Incorrect Factor Used</u>	<u>Correct Factor Used</u>
Peacetime personnel assigned	1,870	1,870
Additional personnel needed for mobilization	<u>1,176</u>	<u>1,176</u>
Total mobilization personnel requirement	3,046	3,046
Adjustment factor for increase to 60-hour week	<u>÷ 1.4</u>	<u>÷ 1.7</u>
Resulting personnel required	2,153	1,775
Selected Reserve mobilization requirements	283*	0

*The number of Selected Reserve mobilization requirements is calculated by subtracting peacetime personnel assigned from resulting personnel required (2,153 - 1,870 = 283).

Finding A. Naval Reserve Mobilization Requirements Determination and Validation

We did not review all ZBR documentation for the productivity adjustment factor, but for the organizations we identified as having used the incorrect factor, we recalculated mobilization requirements using the 1.7 factor. Depending on the number of organizations using the incorrect factor, the adverse effects could be significant. Table 2 shows the overstatements on mobilization requirements for the organizations that used the incorrect productivity adjustment factor.

Table 2. Overstatements of Mobilization Requirements		
<u>Organization</u>	<u>Applying the Factor</u>	
	<u>Incorrect Factor Used</u>	<u>Correct Factor Used</u>
Naval Criminal Investigative Service	283	0
Supervisor of Shipbuilding, Jacksonville	11	7
Supervisor of Shipbuilding, San Francisco	13	11
Supervisor of Shipbuilding, Bath	9	4
Naval Undersea Warfare Center, Keyport	22	13
Law Enforcement and Physical Protection, Naval Sea Systems Command	770	560
Naval Explosive Ordnance Disposal Technology Division, Indian Head	43	3

We notified NAVMAC personnel of the use of incorrect adjustment factors by the seven organizations. NAVMAC officials indicated that they did not plan to adjust mobilization requirements for those organizations. The incorrect adjustment factor could overstate mobilization requirements by as much as 20 percent. Therefore, we believe that NAVMAC personnel should review all shore-based organizations' ZBR documentation to verify whether the organizations used the correct adjustment factor.

Other Mobilization Validation Results and Concerns

Independent Review of Mobilization Requirements. Of four Navy major claimants visited, only Headquarters, U.S. Pacific Fleet, had an independent manpower team review to validate the commands' mobilization requirements. The independent manpower team (Commander in Chief, U.S. Pacific Fleet Manpower Field Operations) consisted of Navy employees with training and expertise to perform comprehensive manpower reviews. The team reported directly to the Commander in Chief, U.S. Pacific Fleet, giving the team the independence to adequately assess mobilization requirements of the

Finding A. Naval Reserve Mobilization Requirements Determination and Validation

organizations and activities subordinate to the Commander in Chief, U.S. Pacific Fleet. The team determined mobilizations requirements using Navy manpower guidance, thereby providing logical and auditable results.

The Commander in Chief, U.S. Pacific Fleet Manpower Field Operations determines mobilization requirements for the Commander in Chief, U.S. Pacific Fleet, organizations after completing a peacetime efficiency review. The efficiency review assesses work load in terms of an organization's mission, functions, and tasks. The team performing the review makes use of industrial engineering techniques while optimizing the mix of staff needed to accomplish the required work load efficiently and effectively. The resulting workforce forms the basis for determining mobilization requirements.

If the reviewed organization does not agree with the results of the completed efficiency review and subsequent mobilization requirements, the organization can rebut the results. However, the Commander in Chief, U.S. Pacific Fleet, will make the final decision after a review of the documentation. We believe that the process used by the Commander in Chief, U.S. Pacific Fleet Manpower Field Operations, should be used by the other manpower claimants to properly validate Selected Reserve requirements.

Peacetime Workload Requirements. Personnel at the gaining commands stated that the Selected Reserve is needed to help meet the commands' peacetime work load. That view is in keeping with a Naval Reserve Policy Statement issued by the Chief of Naval Operations in March 1994, which states:

- o the change in strategy to regional contingencies allows for flexibility in meeting mobilization training requirements;

- o this new flexibility offers enhanced opportunities for the Selected Reserve to provide peacetime support to the Active component; and

- o work performed by the Naval Reserve for peacetime support of Active component operations is the work tasked by the Navy component commanders, which enhances the readiness and proficiency of the total force.

However, commands must first establish that a mobilization mission exists for Selected Reserve personnel. Justifying Selected Reserve billets solely upon peacetime support missions is, in our opinion, inconsistent with United States Code, title 10, section 10102 (formerly section 262) and section 10143 (formerly section 268 [b] and [c]).

In October 1995, an attorney in the Bureau of Naval Personnel was asked to address the question of whether United States Code, title 10, section 262 (now sections 10142 and 10143) provided sufficient latitude to justify creation of Selected Reserve billets with peacetime contributory support requirements not related to a military mobilization requirement. In counsel's opinion:

... SELRES [Selected Reserve] billets cannot be justified on contributory support grounds alone, completely separate from

Finding A. Naval Reserve Mobilization Requirements Determination and Validation

mobilization requirements. Peacetime contributory support related to preparation for mobilization readiness, however, can be a significant factor in billet justification because it is related to a national security interest.

The Bureau of Naval Personnel legal counsel also stated that a legislative change would be required to change the relationship between Reserve billets and mobilization requirements. Such a change would be a major shift from the law and would involve all the Armed Forces.

Various Navy commanders are already justifying their Selected Reserve requirements based on peacetime contributory support even though no mobilization requirement exists.

Review of the Mobilization Requirements Process. The Deputy Chief of Naval Operations (Manpower and Personnel) told us that the Navy is issuing a policy change that will affect the way Selected Reserve requirements are determined. The Navy is reviewing a new method for determining shore-based requirements that will replace both the NAMMOS and the periodic efficiency reviews. However, the change will not affect basic criteria for determining Selected Reserve requirements.

Summary

The Navy continues to have difficulty justifying its shore-based Selected Reserve requirements. Two prior audit reports, issued in the last 5 years, documented excess Selected Reserve mobilization requirements. Shifts in military strategy and expected employment of Naval Reserve forces require Navy shore organizations to realistically evaluate their mission need for military augmentation. The Navy's NAMMOS guidance assists organizations in determining their requirements. However, the process is a complicated one, and management must make sure that personnel determining mobilization requirements are trained in the function and can provide management with recommendations on meeting requirements. Additionally, the Navy must have an independent validation process for assurance that shore-based wartime Selected Reserve requirements identified by major commands are needed.

Recommendations, Management Comments, and Audit Responses

A.1. We recommend that the Chief of Naval Operations:

a. Establish a requirement for annual reviews of manpower claimants' mobilization requirements to ensure that policies and procedures in Chief of Naval Operations Instruction 1000.16H, "Manual of Navy Total Force Manpower Policies and Procedures," March 25, 1994, are followed.

b. Establish guidelines for Navy major claimants to require that independent personnel, who are properly trained in the manpower functional area validate mobilization requirements. Guidance should specify that the independent manpower teams will report to the senior official of the major claimant being validated.

c. Use validated Selected Reserve mobilization requirements to identify billets that can be eliminated or reprogrammed to meet validated shortfalls in mobilization requirements.

d. Eliminate the billets identified in Finding A as not validated or reprogram them to meet other validated mobilization needs.

Management Comments. The Navy partially concurred with the finding, stating that Navy policies and procedures do not task the Navy Manpower Analysis Center to validate requirements. The Navy Manpower Analysis Center is tasked to review documentation, maintain supporting automated systems, and review Total Manpower Management System data for quality and accuracy. The Navy stated that because the Navy Manpower Analysis Center does not have the resources to conduct an independent validation of all Navy mobilization requirements, the requirements validation should remain at the manpower claimant level. However, all manpower claimants will be required to use independent manpower teams similar to those used by the Commander in Chief, U.S. Pacific Fleet.

The Navy partially concurred with Recommendation A.1.a., stating that the Navy policy and procedures manual that mandates annual reviews of mobilization requirements is being revised. The revised manual will more clearly identify procedures and link reviews to changes in requirements that are driven by changes in planning guidance or directives. The Navy further stated that it is developing a Single Shore Manpower Requirements Determination Methodology that will standardize manpower statements and workload indicators to more efficiently manage manpower requirements and authorizations. The Navy concurred with Recommendation A.1.b., stating that it supports use of the U.S. Pacific Fleet model for independent manpower teams. The Navy will work with manpower claimants on how they will execute the program. The Navy concurred with Recommendation A.1.c., stating that the Navy Manpower Analysis Center will work with manpower claimants to

Finding A. Naval Reserve Mobilization Requirements Determination and Validation

ensure that the Selected Reserve billet base in the Total Force Manpower Management System represents valid mobilization requirements. The Navy partially concurred with Recommendation A.1.d., stating that the finding identified requirements, not billets. The Navy, however, agreed to have the Navy Manpower Analysis Center coordinate action with manpower claimants to eliminate unvalidated requirements identified in Finding A and reprogram any associated end strength. The coordinated action will also include a review of those organizations that nonconcurred with the audit finding to determine whether their requirements were properly validated.

Audit Response. The planned actions will satisfy the intent of the recommendations.

A.2. We recommend that the Deputy Chief of Naval Operations (Manpower and Personnel) task the Navy Manpower Analysis Center to review all zero based review documentation to ensure that the correct productivity adjustment factor has been used, and make changes, as needed, to mobilization manpower requirements.

Management Comments. The Navy partially concurred with the recommendation, stating that a subsequent analysis by the Navy Manpower Analysis Center of ZBR documents submitted by the organizations cited in the report showed that requirements were not overstated. The Navy agreed that while the referenced organizations used an incorrect productivity factor to calculate their manpower requirements, the Navy Manpower Analysis Center disregarded those computations and instead used the written justifications that accompanied the computations to determine valid requirements. Considering the large number of organizations involved, the Navy recommended that rather than reviewing all organizations' documentation, the Navy Manpower Analysis Center will review the ZBR documentation using a statistically bowed random sample that would adequately represent all the organizations.

Audit Response. We consider the Navy comments responsive. The alternative actions proposed by the Navy will satisfy the intent of the recommendation.

Management Comments on the Management Control Program. The Navy stated that the process of determining Selected Reserve mobilization requirements was included under the Navy's management control program. The Deputy Chief of Naval Operations (Manpower and Personnel) identified Navy Manpower Mobilization as an assessable unit in his FY 1992 annual certification statement with a high-risk rating. The Secretary of the Navy also included the weakness in his certification to the DoD. The Navy stated that all corrective actions taken in response to the 1992 Naval Audit Service report were closed in the audit followup process during late 1995. The Navy noted that existing controls did not adequately pinpoint manpower claimants' problems with executing Navy ZBR policy and procedures. Therefore, manpower claimants will be requested to include the process for determining Selected Reserve mobilization requirements as an assessable unit under the management control program. In addition, the Navy will continue to report Selected Reserve mobilization requirements as a management control weakness.

Finding B. Availability of Civilian Workforce To Meet Mobilization Requirements

Before determining augmentation requirements, Navy gaining commands did not consider whether their peacetime civilian workforce would be available during mobilization. The civilian workforce was not considered because Navy guidance did not include the DoD requirement to screen the Selected Reserve as a step in validating requirements. As a result, civilian personnel in key positions could be mobilized to other commands, thus adversely affecting the ability of the losing commands to support expected contingency operations. Also, mobilization requirements for the gaining commands may be overstated if their civilian workforces include reservists who, during mobilization, will be assigned to the same or a similar civilian position.

Screening the Civilian Workforce

Screening Requirement. DoD Directive 1200.7, "Screening the Ready Reserve," April 6, 1984, provides policy, procedures, and responsibilities for annually screening the Ready Reserve. The Directive requires DoD civilian employers to ensure that key Federal employees who are essential to the continuity of Government operations are not retained as members of the Selected Reserve. Key positions are those that cannot be vacated during a national emergency or mobilization without seriously impairing the ability of their organizations to function effectively. Further, organizations are prohibited from filling key positions with reservists to preclude those positions from being vacated during a mobilization. In addition, the Directive prohibits members of the Selected Reserve from filling a mobilization assignment to the same position they fill as civilian employees.

Visibility of Civilian Workforce. When gaining commands determined that their workforce needed augmenting to perform additional work load as a result of mobilization, they did not consider that members of their civilian workforce were also members of the Selected Reserve and that some of those employees:

- o were in key positions that would be vacated because of mobilization assignments to another command; or

- o held mobilization assignments to their current or similar civilian positions in the same command, which violates the intent of DoD Directive 1200.7.

When validating their mobilization requirements, gaining commands were not able to identify members of their peacetime civilian workforce who were also

Finding B. Availability of Civilian Workforce To Meet Mobilization Requirements

members of the Selected Reserve. The commands should screen civilian employees to identify Selected reservists as required by DoD Directive 1200.7 so that the commands can accurately determine mobilization requirements. If screening had occurred, mobilization requirements would be accurate as discussed in Finding A. We performed limited testing of selected Navy gaining commands to screen Selected Reserves. The testing results are discussed below.

Protecting Key Positions

Federal Employers' Responsibility. Federal employers of Reserves are responsible to ensure that key positions are not filled by members of the Selected Reserves as required by DoD Directive 1200.7.

Naval Sea Systems Command. The Naval Sea Systems Command (NAVSEA) did not account for shortages in civilian personnel when determining mobilization requirements. The NAVSEA determined that it would need 123 Selected reservists as engineers to augment its workforce at naval shipyards in the event the Navy was engaged in a two MRC scenario. In determining its need for additional engineers, NAVSEA did not consider that its existing workforce included civilian engineers who were in the Selected Reserve and would be deployed elsewhere upon mobilization. We identified 10 engineers who would vacate their civilian positions at NAVSEA organizations to mobilize as Selected Reserve to the same or similar type positions at a shipyard. The NAVSEA calculation, showing a need for 123 additional engineers, incorrectly assumed those 10 engineers would be available as part of the existing workforce. Assuming a valid mobilization mission exists for those 10 engineers, NAVSEA mobilization requirements are, therefore, understated, which could adversely affect its ability to perform its mission. Thus, NAVSEA should identify its civilian engineering positions as key and should use only employees who are not in the Selected Reserve to fill key positions.

Supervisor of Shipbuilding, Newport News. The Office of the Supervisor of Shipbuilding, Newport News, determined that it needed nine Selected Reserve requirements to augment its peacetime workforce. Of the nine Selected reservists who will mobilize to Supervisor of Shipbuilding, Newport News, two are civilian engineers assigned to the Norfolk Naval Shipyard, which has also identified the need for additional engineers in the event the Navy is engaged in a two MRC scenario. As a result, a shortage is left at the Norfolk Naval Shipyard. The civilian engineer positions at the Norfolk Naval Shipyard should be identified as key, assuming the Shipyard can validate a mobilization mission and a need to augment its workforce on mobilization.

Fleet and Industrial Supply Center, San Diego. The FISC, San Diego, estimated that it will need additional personnel to augment its civilian workforce on mobilization. The FISC has not identified the number of personnel needed because the Navy is reorganizing the way the FISC will operate in the future. The plan is to have members of the Selected Reserve assigned collectively to

Finding B. Availability of Civilian Workforce To Meet Mobilization Requirements

mobilization billets based on region. The assumption at the FISC is that the Selected Reserve will work in the customer service and billing departments. The FISC has 20 civilian employees who are in the Selected Reserve. Thirteen work in customer service and billing. If the FISC can validate additional work load as a direct result of the Navy's engagement in a two MRC scenario, the FISC should first determine whether the workforce on hand will be available to support the work load.

Selected Reserve Mobilization Assignment to the Same Civilian Position

Naval Sea Systems Command. Of the 10 engineers assigned to NAVSEA organizations who are also members of the Selected Reserve, on mobilization, 5 will report to the same shipyard in their same or similar positions. Mobilization of that type is in violation of the policy outlined in DoD Instruction 1200.7.

Naval Audit Service. The Naval Audit Service identified a need for 12 members of the Selected Reserve to augment its peacetime workforce in the event the Navy is engaged in a two MRC scenario. Of the 12 Selected Reserve members, 2 are auditors working for the Naval Audit Service and will report to similar auditor positions on mobilization, which is in violation of DoD Directive 1200.7. The issue of whether the Naval Audit Service has a mobilization need is discussed in Finding A.

Summary

Because the Navy does not require screening of civilian employees to determine their Selected Reserve status as a specific step in assessing mobilization work load for shore organizations, we question the economy and efficiency of the mobilization requirements determination process. Shore organizations should not let members of the Selected Reserve fill key positions that would be vacated at mobilization. Furthermore, Federal civilian employers who employ Selected reservists who mobilize to the same organization that employs them as civilians should ensure that their civilian (peacetime) and Reserve (mobilization) positions are not the same or similar.

Finding B. Availability of Civilian Workforce To Meet Mobilization Requirements

Recommendations and Management Comments

B. We recommend that the Deputy Chief of Naval Operations (Manpower and Personnel) include in the Chief of Naval Operations Instruction 1000.16H, "Manual of Navy Total Force Manpower Policies and Procedures," March 25, 1994, the requirement to screen civilian employees as a specific step in the assessment of mobilization work load. The screening process should:

- 1. Identify positions that are determined to be key during a contingency.**
- 2. Preclude Selected Reserve personnel from filling key positions vacated by other members of the Selected Reserve who are assigned elsewhere upon mobilization.**
- 3. Preclude Selected Reserve personnel from filling positions on mobilization that are the same or similar positions held during civil service.**

Management Comments. The Navy concurred with the recommendations, stating that they will be included in revised Chief of Naval Operations Instruction 5310.1D, "Efficiency Review Process for Total Force Shore Manpower Requirements Determination-Policy and Procedure."

Part II - Additional Information

Appendix A. Audit Process

Scope

We examined how the Navy determined its Reserve unit and personnel requirements using the framework of the DoD Bottom-Up Review and the likelihood that those units and personnel would mobilize for regional contingency operations. We concentrated our review on the Naval Selected Reserve mobilization requirements determination process for shore-based organizations. Shore-based mobilization requirements account for about 60 percent of total Navy Selected Reserve requirements.

Methodology

To collect information on the Naval Reserve force structure and policy issues, we visited the offices of the Deputy Chief of Naval Operations (Manpower and Personnel); Director of Naval Reserve; and Commander, Naval Reserve Force. Also, we interviewed key functional area managers to determine how Reserve units and personnel would contribute to the regional conflict scenarios outlined in the Defense Planning Guidance. We visited Navy manpower claimants and gaining commands and interviewed management personnel to determine how they supported their Reserve shore-based mobilization requirements. We also visited the Navy Manpower Data Analysis Center and obtained documentation on the Navy Manpower Mobilization System validation process and wartime mobilization requirements.

To determine how Naval Reserve units that make up ship and squadron units would contribute to the regional war scenarios, we interviewed functional area managers in Naval Surface Reserve Force and Naval Air Reserve Force. We tried to validate the requirement for ship and squadron units using Time Phased Force and Deployment Data. However, we were not able to get reliable data to do so. Issues related to Naval Reserve ships and squadrons are discussed in Appendix C.

Audit Period and Standards. This program results audit was made from November 1994 through February 1996 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. We included tests of management controls that were considered necessary. Appendix F lists the organizations we visited or contacted.

Management Control Program

DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987, requires DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

Scope of Review of the Management Control Program. We limited our review to the management control program for Echelon II level commands and the shore-based validation process for mobilization requirements. We contacted management control program managers and questioned whether any reviews had been completed by either the Naval Inspector General or the Echelon II command Inspectors General. Also, we determined whether the Echelon II level commands' Selected Reserve requirements were an assessable unit under respective management control programs.

Adequacy of Management Controls. We identified material management control weaknesses in the Naval Reserve mobilization requirements determination process and in the validation process. Navy management controls for following guidelines for mobilization requirements determination and validation were inadequate as were controls for annual compliance reviews by the Naval Inspector General. Recommendations A.1. and B., if implemented, will improve the Navy's mobilization requirements process. A copy of the report will be provided to the senior official responsible for management controls in the Navy.

Adequacy of Management's Self Evaluation. We could not verify whether the Navy implemented a Naval Audit Service recommendation to incorporate Selected Reserve mobilization requirements as an assessable unit under the Navy's management control program. Also, we found no evidence that the Naval Inspector General and the Echelon II command Inspectors General performed reviews of the shore-based mobilization requirements and the requirements process. Navy management control program guidance prescribes that the determination of assessable units and performance of management control reviews are command responsibilities originating at the shore activity with oversight at successively higher command levels.

Appendix B. Summary of Prior Audits

During the last 5 years, the Inspector General, DoD, and the Naval Audit Service each issued a report that specifically discussed the need to validate Selected Reserve mobilization requirements.

Inspector General, DoD

Inspector General, DoD, Report No. 92-116, "Naval Reserve Reinforcing and Sustaining Units," June 30, 1992, states that naval requirements for reinforcing and sustaining units and individuals may be overstated. The establishment of billets without due regard to urgency of need and for skills that could be satisfied by alternative sources could result in resource expenditures on personnel and facilities that are not needed. The report recommends revised procedures for establishing reinforcing and sustaining billets and a revalidation of the need for existing billets. The Navy nonconcurred with the recommendation to revise procedures for establishing reinforcing and sustaining billets, but did concur with the recommendation that each Selected reservist should be assigned to a valid mobilization billet. The Navy stated that an implementing plan would be developed within 6 months.

Although the Navy changed its procedures for determining mobilization requirements, our current audit identified a similar condition as discussed in Finding A. Specifically, Selected Reserve billets are created without determining whether the positions are essential to initial wartime tasks, and Navy commands are validating Selected Reserve mobilization billets for positions that are not military essential.

Naval Audit Service

Naval Audit Service Report No. 069-S-92, "Naval Selected Reserve Force Mobilization Requirements," June 30, 1992, states that:

- o the Navy did not base Selected Reserve shore-based requirements on actual mobilization needs and did not comply with Navy regulations that govern development of Selected Reserve requirements,
- o field organizations and manpower claimants were not using effective procedures to develop and justify Selected Reserve manpower requirements,
- o field organizations did not always annually evaluate the established manpower mobilization requirements as required,

Appendix B. Summary of Prior Audits

- o manpower claimants did not properly consider the function of determining Naval Reserve Force mobilization requirements as an assessable unit under the Navy's management control program, and

- o there was a substantial absence of management controls over the processes of establishing, justifying, and reviewing Selected Reserve mobilization requirements.

The report recommends that the Navy direct manpower claimants to immediately review and rejustify all Selected Reserve shore mobilization requirements and take appropriate action to reduce funding for invalid requirements. The Navy concurred but indicated that no reprogramming of funds or other budget actions should be taken until a revalidation of all Selected Reserve billets is made using revised planning guidance. The report also recommends that:

- o the Naval Inspector General periodically review Selected Reserve shore-based mobilization requirements during inspections to ensure that requirements conform to official guidance, are adequately documented, and are reviewed annually; and

- o the Navy direct Echelon II and subordinate commands to include the process of determining Selected Reserve mobilization requirements as an assessable unit under the Navy's management control program.

The Navy concurred with the recommendations and in August 1993, issued ZBR guidance to revalidate all shore-based mobilization billets based on revised planning guidance. The other audit recommendations related to management controls have not been implemented. We discuss our review of the Navy's management control program in Appendix A of this report. Our current audit found that the problems identified by the Naval Audit Service continue today as discussed in Finding A.

Appendix C. Other Matters of Interest

Requirement for Reserve Aircraft Squadron, Ship, and Support Units

Reserve Unit Requirements Determination. The Chief of Naval Operations determines requirements for ship and squadron units based on documented wartime requirements. However, the change in military strategy from global war to crisis response potentially invalidates the mobilization requirements for some or all of the Reserve aircraft squadrons and ships.

Revising Unit Mission Statements. The Navy has started revising mission statements for its Reserve aircraft squadrons and ships. Wartime manpower requirements for aircraft ships and squadrons, as calculated by the NAVMAC, are 3 to 5 years old and are based on the units' operational mission under a global war scenario. Because the wartime requirements are based on how the unit will operate in wartime, the NAVMAC stated that it cannot proceed with validating wartime manpower requirements for aircraft squadrons and ships until NAVMAC receives new Required Operational Capability/Projected Operational Environment statements for those units. The Navy projects that it will complete revision of mission statements in 1996.

Reserve ship, squadron, and support units have absorbed most of the downsizing in the Naval Reserve. Those units account for about 20 percent of the Naval Reserve force structure (see Appendix D).

Employment of Naval Reserve Units for Major Regional Contingencies. The Chief of Naval Operations directed that a system of flexible readiness be applied to the Selected Reserve. Flexible readiness would be determined based on the likelihood that the Selected Reserve would be employed for major contingency operations. The time-phased force and deployment data associated with the commanders in chief operation plans would be the determining factor.

Naval Reserve Time-Phased Force and Deployment Data Status. We attempted to validate ship, squadron, and support unit requirements to the most current time-phased force and deployment data for the two MRC scenario. The Director of Mobilization and Readiness, Naval Reserve Force, could not provide current data showing Reserve unit tasking because software used by commander in chief planners for time-phased force and deployment data development was not functional. The software is located on the World Wide Military Command and Control System. The software provides planners with an accurate, updated data base of Naval Reserve units available for use in deliberate and execution planning. Events leading to problems accessing data include:

Appendix C. Other Matters of Interest

- o DoD planned a transition to a new version of the Joint Operation Planning and Execution System (version IV) and a transition to a new command and control system--the Global Command and Control System;

- o the Naval Reserve updated its software to operate with the new version IV system;

- o DoD decided not to complete development of version IV, and canceled the transition;

- o the Navy's attempts to revert to its earlier version of the software were not successful; and

- o distribution of the new Global Command and Control System hardware and software has been delayed due to technical and funding issues.

The time-phased force and deployment data information that was available was not current because of changes made in the Naval Reserve unit structure since the last time-phased force and deployment data were extracted from the Joint Operations Planning and Execution System data base.

Therefore, we did not rely on the time-phased force and deployment data provided by Naval Reserve mobilization personnel. The Navy estimates that software interface solutions will be in place by the third quarter of FY 1996.

Appendix D. Naval Reserve Force Structure

Table D-1. Commissioned and Operational Units

<u>Aircraft Squadrons</u>	<u>Number of Units¹</u>
F/A-18 Fighter/Attack	2
E-2 Counternarcotics	2
EA-6 Electronic Countermeasures	1
F-14 Fighter	1
P-3C Patrol	8
C-130T Logistics	4
C-9B/C-20 Logistics	8
F/A-18; F-5 Adversary Training	2
SH-3 Anti-Submarine Warfare Helicopter	2
SH-2 Anti-Submarine Warfare Helicopter	2
HH-60 Search and Rescue	2
<u>Ships</u>	
Reserve Aircraft Carrier	1
Frigates	8
Mine	4
Coastal Mine Hunting	11
Mine Control	1
Amphibious (Tank Landing)	2
<u>Support Units²</u>	
Mobile Inshore Undersea Warfare	20
Mobile Construction Battalion	12
Cargo Handling Battalion	12
Cargo Handling Training Battalion	1
Special Boat Unit	2

¹The data represent the planned reductions in the units shown.

²Consist primarily of detachments strategically located throughout the United States.

Appendix D. Naval Reserve Force Structure

Table D-2. Augmentation Units By Manpower Claimant

<u>Navy Manpower Claimant</u>	<u>Number of Units</u>	<u>Primary Type of Augmentation Function</u>
U.S. Atlantic Fleet	612	NMCB,* base and station, SIMA
U.S. Pacific Fleet	570	NMCB, SIMA, base and station
Naval Sea Systems Command	215	Weapon station, command staff
Naval Reserve Force	87	Base and station
U.S. Naval Forces Europe	65	Base and station, command staff
Naval Supply Systems Command	60	Supply
Naval Air Systems Command	53	Base and station, security
Chief of Naval Operations	48	Intelligence and command staff
Defense Logistics Agency	43	Supply and personnel
Naval Facilities Engineering Command	36	Facilities engineering
Naval Intelligence Command	33	Intelligence
Naval Computer and Telecommunications	32	Communications
Bureau of Medicine and Surgery	28	Medical/dental
Space and Naval Warfare Systems Command	23	Command staff
Office of the Under Secretary of the Navy, Assistant for Administration	21	Intelligence
Defense Intelligence Agency	17	Intelligence
Naval Education and Training	11	Training
Central Operating Activity	9	Command Staff
Commandant of the Marine Corps	8	Medical/dental
Secretary of Defense/Joint Staff	8	Intelligence
Naval Security Group	5	Security
Military Sealift Command	4	Miscellaneous
U.S. Transportation Command	4	Transportation
Chief of Naval Personnel	2	Personnel administration
Defense Finance and Accounting Systems	2	Personnel
National Security Agency	2	Security
Naval Special Warfare Command	2	Command staff

*Naval Mobile Construction Battalion

Appendix E. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and Type of Benefit
A.1.	Management Controls, Economy and Efficiency, and Compliance with Regulations or Laws. Establishes control techniques for identifying valid mobilization requirements.	Undeterminable. The amount of funds put to better use will be based on the total number of funded Selected Reserve billets identified for elimination by the Chief of Naval Operations.
A.2.	Management Controls. Adjusts mobilization requirements to more accurately reflect needed Selected Reserve augmentation.	Undeterminable. The amount of funds put to better use will be based on the number of Navy organizations that incorrectly calculated their mobilization requirements and on how many of those requirements are for funded Selected Reserve billets.
B.	Compliance with Laws and Regulations and Economy and Efficiency. Assists personnel in assessing mobilization work load.	Undeterminable. The amount of funds put to better use will be based on the number of Selected Reserves holding mobilization assignments to the same or similar positions.

Appendix F. Organizations Visited or Contacted

Office of the Secretary of Defense

Assistant Secretary of Defense (Reserve Affairs), Washington, DC
Assistant Secretary of Defense (Strategy and Requirements), Washington, DC

Joint Staff

Director for Operations (J-3), Washington, DC
Director for Logistics (J-4), Washington, DC
Director for Strategic Plans and Policy (J-5), Washington, DC

Department of the Navy

Deputy Chief of Naval Operations (Plans, Policy, and Operations), Washington, DC
Deputy Chief of Naval Operations (Manpower and Personnel), Washington, DC
 Assistant Chief of Naval Personnel, Washington, DC
 Naval Manpower Analysis Center, Millington, TN
Director of Naval Reserve, Washington, DC
Commander, Naval Reserve Force, New Orleans, LA
U.S. Atlantic Fleet, Norfolk, VA
 Naval Surface Forces Atlantic, Norfolk, VA
 Naval Air Station, Oceana, VA
 Naval Ordnance Center, Yorktown, VA
 Shore Intermediate Maintenance Activity, Norfolk, VA
 Submarine Forces Atlantic, Norfolk, VA
 Manpower Analysis Team, Norfolk, VA
U.S. Pacific Fleet, Pearl Harbor, HI
 Naval Air Forces Pacific, San Diego, CA
 Naval Air Station, North Island, CA
 Shore Intermediate Maintenance Activity, San Diego, CA
 Afloat Training Group Pacific, San Diego, CA
 Manpower Field Operations, San Diego, CA
Naval Sea Systems Command, Arlington, VA
 Inspector General, Naval Sea Systems Command, Arlington, VA
 Naval Ordnance Center, Yorktown, VA
 Norfolk Naval Shipyard, Norfolk, VA
 Supervisor of Shipbuilding, Newport News, VA
Naval Supply Systems Command, Arlington, VA
 Fleet and Industrial Supply Center, San Diego, CA
 Naval Transportation Support Center, Norfolk, VA
 Fleet and Industrial Supply Center, Norfolk, VA
Naval Audit Service, Falls Church, VA
Naval Criminal Investigative Service, Washington, DC

Appendix F. Organizations Visited or Contacted

Other Defense Organization

Defense Logistics Agency, Fort Belvoir, VA

Appendix G. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller)
Deputy Chief Financial Officer
Deputy Comptroller (Program/Budget)
Assistant Secretary of Defense (Reserve Affairs)
Assistant Secretary of Defense (Strategy and Requirements)
Assistant to the Secretary of Defense (Public Affairs)
Director, Joint Staff
Director, Defense Logistics Studies Information Exchange

Department of the Army

Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Deputy Chief of Naval Operations (Manpower and Personnel)
Auditor General, Department of the Navy
Director, Naval Criminal Investigative Service

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force

Other Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division,
General Accounting Office

Non-Defense Federal Organizations and Individuals (cont'd)

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal
Justice, Committee on Government Reform and Oversight
House Committee on National Security

Part III - Management Comments

Department of the Navy Comments



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(MANPOWER AND RESERVE AFFAIRS)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

JUN 3 1996

MEMORANDUM FOR THE INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

Subj: DRAFT AUDIT REPORT: REQUIREMENT FOR NAVAL RESERVE COMPONENT
UNITS NOT ASSIGNED TO SUPPORT REGIONAL CONTINGENCIES
(PROJECT NO. 5RA-0010)

The Department of the Navy response to the draft audit report, requested in TAB A, is provided at TAB B. A careful review of the draft report's findings and recommendations was coordinated through Chief of Naval Operations (N12), (N4), (N85/86), Commander in Chief, Atlantic Fleet, Naval Sea Systems Command, Naval Audit Service, and NAVMAC. Although the audit cites a base of 112,018 Selected Reserve mobilization requirements as of September 1995, the Navy's review as of April 1996 verified that our efforts to revalidate warfighting requirements have reduced this to 98,061. Further reductions are expected. Other pertinent comments are as follows:

Partially concur with Finding A that manpower claimants did not determine and validate requirements properly. Actions to address the recommendations include:

--OPNAV Instruction 1000.16H, "Manual of Navy Total Force Manpower Policies and Procedures," will be revised to address annual reviews of mobilization requirements when changes are required, and establish guidelines for validation of requirements.

--NAVMAC will coordinate action with claimants to review requirements identified in Finding A, and reprogram associated end strength if requirements are determined to be invalid.

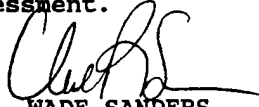
--Revalidation of mobilization requirements and reprogramming of end strength remains an ongoing process.

--Considering the relatively large number of Navy activities, NAVMAC will review a random sample of Zero Based Review (ZBR) documentation to ensure that the correct productivity factor was used. Previous NAVMAC correspondence which addressed this issue is provided at TAB C.

Concur with Finding B that some claimants did not screen their civilian workforce properly. OPNAV Instruction 5310.D, "Efficiency Review Process for Total Force Shore Manpower Requirements

Department of the Navy Comments

Determination - Policy and Procedures," will be revised to include activity screening of civilian employees as an integral step in mobilization workload assessment.



WADE SANDERS

Deputy Assistant Secretary of the Navy
(Reserve Affairs)

TAB A: DODIG Memorandum of March 29, 1996
TAB B: Navy Comments on Draft Audit Report
TAB C: NAVMAC ltr of 6 March 1996

Department of the Navy Comments

Navy Comments
DODIG Draft Report of 29 March 1996
on
Requirement for Naval Reserve Component Units Not
Assigned to Support Regional Contingencies
Project No. 5RA-0010

Summary of DODIG Findings, Conclusions, and Recommendations

DODIG found that Navy manpower claimants and their subordinate commands did not use criteria established in Navy manpower policy guidance in determining Selected Reserve mobilization requirements. In addition, the Navy Manpower Analysis Center (NAVMAC) was cited as not having performed an independent validation of mobilization requirements. As a result, Naval Selected Reserve (SELRES) mobilization requirements were overstated (Finding A). Specifics of this finding were:

-- Although the purpose of the Zero Based Review (ZBR) of shore commands was to identify the change in mobilization requirements due to the expected employment of the Naval Selected Reserve to support a two Major Regional Conflict (MRC) scenario vice a global war, as of September 1995, post-ZBR requirements showed an increase rather than a decrease.

-- Manpower claimants failed to provide valid justification, based some requirements on a global war scenario vice two MRCs, and demonstrated a lack of training in the Navy's manpower mobilization determination process. Seven organizations were cited for not properly validating mobilization requirements.

-- Some organizations used the wrong productivity adjustment factor to determine mobilization requirements. This resulted in a larger SELRES mobilization requirement base than is actually required.

DODIG also found that of four Navy major claimants visited, Headquarters, Commander in Chief, Pacific Fleet had an independent manpower team review their activities' mobilization requirements according to Navy manpower guidance and assessed workload in terms of an organization's mission, functions, and tasks. DODIG recommended that this model be used by other manpower claimants to properly validate SELRES requirements.

DODIG raised the concern that various Navy commanders were justifying their SELRES requirements based solely on Peacetime Contributory Support, even though no mobilization requirement exists. This is contrary to U.S. Code, title 10, section 10103 and 10143, which states that Peacetime Contributory Support must be related to preparation for mobilization readiness.

DODIG noted that the Navy is reviewing a new method for determining shore-based requirements which will replace both NAMMOS and periodic efficiency reviews.

DODIG recommended that the Chief of Naval Operations (CNO) establish a requirement for annual reviews of manpower claimants' mobilization requirements to ensure that policies and procedures in CNO Instruction 1000.16H, "Manual of Navy Total Force Manpower Policies and Procedures", are followed; establish guidelines for Navy major claimants to require independent validation of mobilization requirements by personnel properly trained in manpower functional areas; use validated SELRES mobilization requirements to identify billets that can be eliminated or reprogrammed to meet validated shortfalls in mobilization requirements; and eliminate nonvalidated billets or reprogram them to meet validated mobilization needs (Recommendation A.1).

It was also recommended that the Deputy Chief of Naval Operations (N1) task NAVMAC to review all ZBR documentation to ensure the correct productivity adjustment factor has been used, and make changes as needed to mobilization manpower requirements (Recommendation A.2).

DODIG found that prior to determining augmentation requirements, Navy gaining commands did not screen their peacetime civilian workforce according to the policy and procedures outlined in DOD Directive 1200.7, "Screening the Ready Reserve." As a result, civilian personnel in key positions could be mobilized to other commands, adversely affecting the ability of losing commands to support operations, or mobilization requirements could be overstated if the command's civilian workforce includes reservists who will be assigned to the same or similar civilian position upon mobilization (Finding B). Four organizations were cited for not properly screening their peacetime civilian workforce.

DODIG recommended that the Deputy Chief of Naval Operations (Manpower and Personnel), include in CNO Instruction 1000.16H, "Manual of Navy Total Force Manpower Policies and Procedures," the requirement to screen civilian employees as a specific step of assessment of mobilization workload (Recommendation B). The screening process should identify positions that are determined to be key during a contingency, preclude SELRES personnel from filling key positions vacated by other members of the Selected Reserve who are assigned elsewhere upon mobilization, and preclude SELRES personnel from filling positions on mobilization that are the same or similar positions held during civil service.

DODIG was unable to determine potential monetary benefits resulting from the audit. The amount of funds put to better use will be based on the total number of funded SELRES billets identified for elimination and the number of SELRES requirements which are eliminated.

Navy Statement

The following is a detailed statement of the Navy's position on the audit's findings and recommendations.

Finding A: Naval Reserve Mobilization Requirements Determination and Validation. DODIG found that the Navy Manpower claimants and their subordinate commands did not use criteria

Department of the Navy Comments

in Navy manpower policy guidance to determine their Selected Reserve mobilization requirements. The criteria were not used because command personnel responsible for determining mobilization requirements were not trained in the Navy's manpower or mobilization requirements determination process and therefore had difficulty following the guidance. In addition, the Navy Manpower Analysis Center (NAVMAC) did not perform an independent validation of mobilization requirements. As a result, Naval Selected Reserve mobilization requirements are overstated and the Navy may expend resources on Selected Reserve personnel without having a validated mobilization need.

Navy Response: Partially concur. The Navy position on DODIG findings on Naval Reserve Mobilization Requirements Determination and Validation (Finding A), includes the following concerns:

-- While a finding was made that manpower claimants did not properly determine mobilization requirements, nor conduct an independent validation of mobilization requirements, another finding stated that Headquarters, Commander in Chief, Pacific Fleet (PACFLT) did utilize an independent manpower team to review mobilization requirements, which resulted in a logical and auditable process. PACFLT activities account for a significant portion, over one-third, of the SELRES requirements base. The Navy agrees with the DODIG recommendation that this model be used by all claimants in the validation process.

-- DODIG notes that NAVMAC did not perform an independent validation of mobilization requirements. The Navy position is that NAVMAC was not tasked in either CNO Instruction 1000.16H, "Manual of Total Force Manpower Policies and Procedures," or in ZBR directive and implementing letters, with validating requirements. NAVMAC is tasked to "review documentation and maintain supporting ADP systems," and to review TFMMS packages for quality and accuracy. Per CNO Instruction 1000.16H, "Manual of Total Force Manpower Policies and Procedures," validation lies at the claimant level. NAVMAC does not have the manpower nor the resources to conduct an independent validation of mobilization requirements for all Navy activities. The Navy recommends that validation stay at the claimant level, and supports the use of the PACFLT model by all claimants.

-- The number of SELRES mobilization requirements noted by DODIG--112,018--was based on figures as of September 1995, prior to the effects of the ZBR being reflected in TFMMS. SELRES requirements in TFMMS as of April 96 are 98,961, a drop attributed to decommissionings, BRAC closures, and ZBR.

The Navy agrees with the DODIG finding that some claimants may have the misperception that mobilization requirements can be tied solely to Peacetime Contributory Support. N12 is currently coordinating a project with resource sponsors and claimants which addresses this issue.

The DODIG cited the following activities as examples of organizations that did not properly validate mobilization requirements using DOD and ZBR criteria. A summary of the organizations' responses follows.

-- Shore Intermediate Maintenance Activities (SIMA). Agree. N86 has plans in progress to reallocate 2,418 of the 4,069 SELRES mobilization requirements recommended for elimination or reprogramming by DODIG to support requirements of the Regional Maintenance Center concept. Excess endstrength beyond that number will be reassigned to under-resourced, higher priority programs within N86.

-- Naval Audit Service. Disagree. DODIG recommended elimination and reprogramming of twelve SELRES auditor positions based on the reasoning that Naval Audit Service did not validate increased workload during mobilization, did not consider a 60 hour work week nor its application to the existing peacetime workforce, and that such positions are not military essential. Naval Audit Service responds that based on tasking by SECNAV Instruction 7510.7E, "Department of the Navy Internal Audit," an increased workload during mobilization is justified, and states they did consider a 60 hour work week and its application to the existing peacetime workforce. Naval Audit Service determined that these positions would require fill by military personnel who possessed the requisite skills and rank necessary to conduct audits related to mobilization activities in military theaters of operations.

-- Fleet and Industrial Supply Centers (FISC). Disagree. At the time the Zero Based Review was conducted, the concept of FISC operations was in a state of evolution, resulting in a state of transition for FISC manning structure. Following the promulgation of new FISC missions, tasks, and functions, COMNAVSUPSYSCOM initiated a follow-on review which began in March 1996. Results of this review are expected in Fall 1996.

-- Headquarters, Command in Chief, Atlantic Fleet (LANTFLT). Agree. Organization requirements will be reviewed during the next Efficiency Review.

-- Norfolk Naval Shipyard, Inspector General, Naval Sea Systems Command (NAVSEA), and Supervisor of Shipbuilding, Newport News. As claimant, NAVSEA coordinated the response for all three activities. NAVSEA disagrees, and responds that in the event of a two-MRC scenario, all the SELRES requirements noted in their ZBR would be required to augment the activities noted. For IG, Naval Sea Systems Command and Supervisor of Shipbuilding, Newport News, NAVSEA notes that using the fact no reservists were recalled during Operation Desert Shield/Desert Storm as justification for elimination of requirements is not valid since this did not represent a two-MRC scenario. NAVSEA further notes that battle damage repair represents only a portion of the workload considered when determining mobilization requirements for Shipbuilding, Newport News.

Recommendation A.1: The Chief of Naval Operations:

a. Establish a requirement for annual reviews of manpower claimants' mobilization requirements to ensure that policies and procedures in Chief of Naval Operations Instruction 1000.16H, "Manual of Navy Total Force Manpower Policies and Procedures," March 25, 1994, are followed.

Department of the Navy Comments

Navy Response: Partial concur. An annual review of mobilization requirements by claimants is currently mandated in OPNAV 1000.16H, "Manual of Navy Total Force Manpower Policies and Procedures." A revision to this instruction, currently in progress, will more clearly identify the procedure for this review, and link it to changes in requirements driven by changes in planning guidance or directives of higher authority. Further, the Single Shore Manpower Requirements Determination Methodology, currently under development by N12, links mobilization requirements with an activity's (MFTs or workload indicators, and will develop standardized manpower statements and workload indicators to more efficiently manage manpower requirements and authorizations. Expected completion is December 1996.

b. Establish guidelines for Navy major claimants to require that independent personnel, who are properly trained in the manpower functional area validate mobilization requirements. Guidance should specify that the independent manpower teams will report to the senior official of the major claimant being validated.

Navy Response: Concur. The Navy supports the use of the PACFLT model for independent manpower teams by all claimants. However, claimants must be given the flexibility to determine how they will execute this program. CNO (N12) will address this issue with claimants. Expected completion is December 1996.

c. Use validated Selected Reserve mobilization requirements to identify billets that can be eliminated or reprogrammed to meet validated shortfalls in mobilization requirements.

Navy Response: Concur, although it's noted that a "requirement" cannot be used to identify a "billet." NAVMAC will work with claimants to ensure that the SELRES billet base as reflected in TFMMS represents valid mobilization requirements. Annual reviews as noted in Recommendation A.1.a will ensure that claimants review changes to mobilization MFTs which affect mobilization requirements, so that the SELRES requirements base reflects valid mobilization needs. This is an on-going process.

d. Eliminate the billets identified in Finding A as not validated or reprogram them to meet other validated mobilization needs.

Navy Response: Partial concur. Note that Finding A identified requirements not billets. NAVMAC will coordinate action with claimants to delete any unvalidated requirements identified in Finding A which are still in TFMMS, and reprogram any associated end strength to meet other validated mobilization needs. This action will include a review of organization responses which nonconcurrent with audit findings to determine if the requirements in question were properly validated. Expected completion is January 1997.

Recommendation A.2.: The Deputy Chief of Naval Operations (Manpower and Personnel) task the Navy Manpower Analysis Center (NAVMAC) to review all Zero Based Review documentation to ensure that the correct productivity adjustment factor has been used, and make changes, as needed to mobilization manpower requirements.

Navy Response: Partial concur. NAVMAC addressed this issue in March 1996, as noted in their letter to Inspector General, Department of Defense, dated 6 March, provided at TAB C. NAVMAC analyzed the TFMMS packets examined by DODIG and determined that requirements were not overstated. These packets used a positional manning requirements determination rather than a productivity adjustment factor to quantify mobilization requirements. Positional manning identifies certain positions which are required during wartime irrespective of workload volume. In other cases where an incorrect productivity factor was used or incorrectly applied, NAVMAC routinely disregarded productivity factor analysis and relied instead on the narrative within the accompanying Letter of Justification (LOJ) to validate requirements. The LOJs discuss positional manning as the basis of requirements which upon further review reaffirmed that positional manning reasonably stated mobilization requirements.

Given the population size of 4,471 Naval activities distributed within twenty three Navy Claimants, recommend NAVMAC conduct a review of a random sample of TFMMS packets to determine if the correct productivity factor was used. A statistically bowed random sample is recommended so that the sampling will adequately represent activities within all claimancies. Expected completion is October 1997.

The Navy will take further steps to ensure that the use of positional manning in the requirements determination process should be more clearly promulgated to the claimants. This is being addressed in the revisions to CNO Instruction 1600.16H, "Manual of Navy Total Force Manpower Policies and Procedures," and CNO Instruction 5310.14D, "Efficiency Review (ER) Process for Total Force Shore Manpower Requirements Determination--Policy and Procedures," currently in progress. Expected completion is December 1996.

Finding B. Availability of Civilian Workforce to Meet Mobilization Requirements. Before determining augmentation requirements, Navy gaining commands did not consider whether their peacetime civilian workforce would be available during mobilization. The civilian workforce was not considered because Navy guidance did not include the DOD requirement to screen the Selected Reserve as a step in validating requirements. As a result, civilian personnel in key positions could be mobilized to other commands, thus adversely affecting the ability of the losing commands to support expected contingency operations. Also, mobilization requirements for the gaining commands may be overstated if their civilian workforces include reservists who, during mobilization, will be assigned to the same or similar civilian position.

Navy Response: Concur. Action to correct this deficiency is being taken as noted in Recommendation B.

The DODIG cited the following activities as examples of organizations that did not properly screen the availability of the civilian workforce to meet mobilization requirements, or had SELRES personnel assigned to the same civilian position upon mobilization. Each organization was afforded the opportunity to respond to audit findings; a negative response was taken as concurrence. Responses are summarized below.

Department of the Navy Comments

-- Naval Sea Systems Command (NAVSEA) and Supervisor of Shipbuilding, Newport News. As Claimant, NAVSEA agrees by negative response.

-- Fleet and Industrial Supply Center (FISC) , San Diego. Agrees.

-- Naval Audit Service. Disagrees. DODIG noted that two of the twelve SELRES auditors are currently working for the Naval Audit Service and will report to the same or similar positions upon mobilization. Naval Audit Service responds that the positions are different in that the SELRES positions incorporate a heavy requirement for military duties as well as the requirement to travel in combat zones or hostile areas, requirements which do not apply to their civilian positions.

Recommendation B. The Deputy Chief of Naval Operations (Manpower and Personnel) include in the Chief of Naval Operations Instruction 1000.16H, "Manual of Navy Total Force Manpower Policies and Procedures," March 25, 1994, the requirement to screen civilian employees as a specific step in the assessment of mobilization work load. The screening process should:

1. Identify positions that are determined to be key during a contingency.
2. Preclude Selected Reserve personnel from filling key positions vacated by other members of the Selected Reserve who are assigned elsewhere upon mobilization.
3. Preclude Selected Reserve personnel from filling positions on mobilization that are the same or similar positions held during civil service.

Navy Response: Concur. This recommendation will be included in a revision to CNO Instruction 5310.1D, "Efficiency Review Process for Total Force Shore Manpower Requirements Determination - Policy and Procedure." Expected completion date is December 1996.

Potential Monetary Benefits

Navy agrees that potential monetary benefits resulting from the audit are indeterminable, and proposes that no monetary benefits may be realized since requirements have no direct monetary tie. The monetary tie occurs when an authorization is placed against the requirement; the requirement is considered funded and end strength can then be allocated against it. Validated requirements may or may not have authorizations (funding) applied to them. If a funded requirement is eliminated due to nonvalidation, the authorized end strength associated with it would be reprogrammed to a validated requirement, and there would be no monetary savings. Reprogramming of end strength associated with eliminated requirements thus results in a redistribution of funding without monetary benefit. Action is considered completed.

ADDITIONAL COMMENTS: APPENDIX A - MANAGEMENT CONTROL PROGRAM

DOD AIG(A) COMMENT: "We could not verify whether the Navy implemented a Naval Audit Service recommendation to incorporate Selected Reserve mobilization requirements as an assessable unit under the Navy's management control program. Also, we found no evidence that the Naval Inspector General and the Echelon II command Inspectors General performed reviews of the shore-based mobilization requirements and the requirements process. Navy management control program guidance prescribes that the determination of assessable units and performance of management control reviews are command responsibilities originating at the shore activity with oversight at successively higher command levels."

NAVY COMMENTS: The Deputy Chief of Naval Operations (Manpower and Personnel) (DCNO(M&P)) did include the process of determining Selected Reserve mobilization requirements as an assessable unit under the Navy's Management Control Program. His FY 1992 annual certification statement identified a vulnerability assessment, entitled "Navy Manpower Mobilization (NAMMOS)," completed in June 1992 with a risk rating of high. DCNO (M&P) used the above mentioned audit as an alternative management control review and included corrective actions for the material weakness in his annual statement to CNO. Subsequently, the Secretary of the Navy included the weakness in his certification statement to the DOD. In addition, in a follow-up response to the Naval Audit Service, dated 11 January 1993, DCNO (M&P) indicated that upon completion of the material weakness corrective actions, we would determine whether additional assessments and reviews at the Echelon II and subordinate levels would be required. All corrective actions taken in response to the 1992 Naval Audit Service report were closed in the audit follow-up process during late 1995. The above information is reflected in documentation available from the Naval Audit Service and the Navy Management Control Program Office follow-up systems. We have attached a quality assurance visit report, conducted in August 1994, which validates that the above vulnerability assessment and alternative management control review were conducted and a material weakness reported .

We do note your concern that some claimant activities did not execute CNO Zero Based Review policy and procedures and that our existing controls did not adequately pinpoint these problems. Using this feedback and our earlier commitment on the NAVAUDSVC report, DCNO (M&P) will request claimants to include the process for determining Selected Reserve mobilization requirements as an assessable unit under the Management Control Program (focus will be the FY 1998 - 2002 program cycle). DCNO (M&P) will also ask the Navy Inspector General to include Selected Reserve mobilization requirements determination as a special interest item under the Navy's Command Inspection Program. In addition, DCNO (M&P) will keep open the management control weakness on Selected Reserve mobilization requirements determination and add milestones which reflect your audit report and agreed upon recommendations. Estimated completion date is October 1996.

Department of the Navy Comments



DEPARTMENT OF THE NAVY
BUREAU OF NAVAL PERSONNEL
WASHINGTON, D.C. 20370-5000

IN REPLY REFER TO
5230
Ser 00K3/460
17 Aug 1994

MEMORANDUM FOR ACNP, TOTAL FORCE PROGRAMMING AND MANPOWER
(PERS-5)

Subj: MANAGEMENT CONTROL (MC) QUALITY ASSURANCE (QA) VISIT

Ref: (a) BUPERSINST 5200.12A

Encl: (1) Pers-00K3 memo 22 Jul 1994

1. Per reference (a), Ms. Lisa D. Daly, Pers-00K3, met with LCDR Tim Ferree on 21 July 1994, to provide a MC Program QA review.

2. A summary of the QA visit is furnished in enclosure (1). Pers-5 is implementing the program. As discussed, only one minor needed improvement was noted.

3. Please thank LCDR Ferree for his participation and commitment to carry out the requirements of the MC program.


RON L. THOMPSON
Deputy,
BUPERS Inspector General

Copy to:
Pers-514 (LCDR T. Ferree)

Department of the Navy Comments

5230
00K3
22 Jul 1994

MEMORANDUM FOR THE RECORD

Subj: MANAGEMENT CONTROL (MC) QUALITY ASSURANCE (QA) VISIT:
ACNP, TOTAL FORCE PROGRAMMING AND MANPOWER (PERS-5)

Ref: (a) BUPERINST 5200.12A

1. The following QA visit summary is provided for the record:

a. Date of Visit: 22 July 1994

b. Participants: Pers-5: LCDR Tim Ferree
Pers-00K3: Lisa D. Daly

c. Scope of QA: LCDR Tim Ferree, Pers-5 MC Coordinator, was interviewed. The MC Plan (current inventory of assessable units (AUs)), completed vulnerability assessments (VAs), completed MC reviews, and other program documentation were reviewed.

d. Findings Summary: The POC resides in Pers-514 and has accomplished pertinent program responsibilities. For the FY 93-97 MC program cycle, the Pers-5 MC Plan identified 9 Assessable Units (AUs, i.e., functions and programs). Out of an inventory of 9 AUs, 4 included comments indicating the rationale/basis for the vulnerability rating. The completed VAs on the 9 AUs resulted in 2 high-risk, 1 medium-risk, and 6 low-risk ratings.

Comments on the examination of MC Reviews follows:

-- MC review on Efficiency Review Program was completed in July 1993 (before scheduled date of July 1994). A Naval Audit Service audit (AMCR) of the ER Program is scheduled for 1994.

-- An Alternative MC review for Navy Manpower Mobilization (NAMMOS) AU, rated high, was conducted by Naval Audit Service (NAVAUDSVC) in 1992. A Navy-wide material weakness was identified and reported as an uncorrected material weakness in the FY 1992 Certification Statement, entitled "Naval Selected Reserve Force Mobilization Requirements." Milestones are being tracked with a current target completion date of 31 December 94.

-- An MCR was conducted on two low-rated AUs (SMD and SQMD) as directed by CNO memo 5200 09B21G/96 of 25 November 1992.

-- One MC review is still pending, medium-rated Billet File Management AU, scheduled for October 1996.

ENCLOSURE(1)

Department of the Navy Comments

Subj: MANAGEMENT CONTROL (MC) QUALITY ASSURANCE (QA) VISIT:
ACNP, TOTAL FORCE PROGRAMMING AND MANPOWER (PERS-5)

LCDR Ferree, and the former POC, have executed this collateral duty, which is demonstrated in the observable records and documentation for the program. In addition, the following was discussed: (1) program requirements; (2) impact on MC Plan/Program of temporary consolidation with NAVMAC in FY-1995 and relocation to Millington in Fall of 1995.

MC responsibilities, as a collateral duty, were addressed and will be included in Pers-514's next FITREP as an assigned additional duty. LCDR Ferree is scheduled for coordinator training on 26 July.

A minor area of improvement was noted:

-- Comments/cited documentation are needed on all VAs. If documentation and supporting rationale are included with the initial VA, it will make any needed MC reviews much easier to accomplish. In addition, the extra effort spent on the VA will be an asset when MC managers turn over during the five-year reporting cycle.

e. Recommendation(s):

(1) Pers-5 ensure all future VAs include supporting rationale or cited documentation.

Lisa D. Daly
LISA D. DALY

Assistant for Management Control



DEPARTMENT OF THE NAVY
NAVY MANPOWER ANALYSIS CENTER
NAVAL AIR STATION MEMPHIS
MILLINGTON, TN 38054-5050

IN REPLY REFER TO:
5400
Ser 531/ 0281
06 MAR 1996

From: Commanding Officer, Navy Manpower Analysis Center
To: Inspector General, Department of Defense

Subj: ZBR DATA PRODUCTIVITY FACTOR

Ref: (a) DODIG memo of 18 Dec 95
(b) Navy Manpower Mobilization System (NAMMOS) Handbook

1. Reference (a) identified various Zero Base Review (ZBR) packets containing SELRES requirements that used a productivity factor of 1.415 vice 1.7 as stipulated in reference (b). Per your request, NAVMAC has reviewed these packets to determine if they reflect an overstatement of requirements.
2. Analysis of the packets revealed no overstatement of requirements. It is important to note that we did not utilize a productivity factor in conducting our review. Rather, positional manning was used as a basis for determining requirements.
3. Two basic techniques are used to quantify mobilization requirements - one that utilizes a productivity factor, and one that uses positional manning. The productivity factor approach is used when the functions performed in peacetime are similarly performed during mobilization. The factor converts the peacetime 40-hour workweek to a 60-hour wartime workweek. In contrast, positional manning recognizes that certain positions are required during wartime irrespective of workload volume. The packets that you reviewed used positional manning vice a productivity factor.
4. As you have identified, a productivity factor was used by the claimants in the examples given for review. However, in most cases it was incorrectly applied or not relevant due to positional manning rationale. When claimants incorrectly applied the productivity factor approach, we routinely disregarded productivity factor analysis and relied on the narrative within the accompanying Letter of Justification (LOJ) to validate requirements. The LOJs frequently discuss positional manning as the basis of requirements, which upon further review reaffirms that positional manning reasonably states mobilization requirements.

Encl (2)

Department of the Navy Comments

Subj: ZBR DATA PRODUCTIVITY FACTOR

5. Your review of these packets has highlighted the need to strengthen our explanation of the use of positional manning in the requirements determination process. Revisions to OPNAV instructions dealing with the requirements determination process will more clearly document the use of positional manning vice workload to justify and validated changes to manpower requirements. NAVMAC is currently in the process of drafting revisions to OPNAVINST 1000.16G and 5310.14D. Additionally, phased mobilization concepts in regard to Major Regional Conflicts (MRC), currently being briefed at the OPNAV level, may obviate the productivity factor approach associated with policies dictating changes in workweek during mobilizations.

6. My point of contact for additional information on this subject is Mr. George Vogel, DSN 966-5975 or commercial (901) 873-5975 or PNC Battista, DSN 966-5551 or commercial (901) 873-5551.


A. J. OHANIAN

Audit Team Members

This report was prepared by the Readiness and Operational Support Directorate, Office of the Assistant Inspector General for Auditing, DoD.

Thomas F. Gimble
Salvatore D. Guli
Harlan M. Geyer
Geraldine M. Edwards
Michael E. Niedringhaus
Gordon A. Uscier
William J. LaBeau
Nancy C. Cipolla
Celeste R. Broadstreet

INTERNET DOCUMENT INFORMATION FORM

A . Report Title: Requirements for Naval Reserve Component Units Not Assigned to Support Regional Contingencies

B. DATE Report Downloaded From the Internet: 12/20/99

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #): **OAIG-AUD (ATTN: AFTS Audit Suggestions)**
 Inspector General, Department of Defense
 400 Army Navy Drive (Room 801)
 Arlington, VA 22202-2884

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by:
DTIC-OCA, Initials: __VM__ Preparation Date 12/20/99

The foregoing information should exactly correspond to the Title, Report Number, and the Date on the accompanying report document. If there are mismatches, or other questions, contact the above OCA Representative for resolution.